

AUTHORIZING THE SECRETARY OF THE INTERIOR TO SELL CERTAIN RIGHTS IN THE STATE OF FLORIDA

SEPTEMBER 8, 1976.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. HALEY, from the Committee on Interior and Insular Affairs,
submitted the following

REPORT

[To accompany H.R. 2977]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 2977) to authorize the Secretary of the Interior to sell certain rights in the State of Florida, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 1, lines 9 through 11, and page 2, lines 1 through 5, strike out all of section 2 and insert in lieu thereof the following:

SEC. 2. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of this Act. If a conveyance is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

Page 2, line 16, after "excess." add the following:

The Secretary may require that any outstanding mineral leasehold affecting lands described in this Act shall be relinquished to the United States prior to any conveyance pursuant to this Act.

PURPOSE

The purpose of H.R. 2977, introduced by Mr. Chappell, is to authorize the Secretary of the Interior to convey all right, title, and interest in oil and minerals reserved to the United States in certain lands in Florida to the record owner thereof.

BACKGROUND

The land involved, comprising 40 acres, is part of a tract of 154 acres which the United States conveyed to Carl G. Stockholm on April 3, 1957, by a patent which reserved to the United States all oil and gas in the land. The land in question is presently being used for agricultural purposes, and the surface owners plan to subdivide the land for residential homesites. Without a release of the reservation of oil and gas rights, the surface owners are unable to obtain financing for this project. This bill, H.R. 2977, is identical to H.R. 9954 in the 93d Congress. At the time that H.R. 9954 was under consideration, the Department of the Interior recommended against enactment because the land was under lease for oil and gas. On March 1, 1974, however, the outstanding oil and gas lease was assigned to Grace Parker Gunther and Harley G. Morse, who would be the beneficiaries (as surface owners) of H.R. 2977, thus eliminating outside interests. The lands are of nominal value for oil and gas, but the reservation is apparently interfering with the desired development.

In its report on this bill the Department of the Interior indicated that two amendments were desirable to make the bill comply with the Department's recommended provisions as to reimbursement for administrative costs for the conveyance of mineral reservations and to simplify the necessary transactions by permitting the Secretary to require that the oil and gas lease be relinquished prior to conveyance of the mineral interests; the subcommittee amended the bill accordingly.

EXPLANATION

H.R. 2977, as amended, would direct the Secretary of the Interior to convey all right, title, and interest in oil and minerals reserved to the United States in certain lands in Lake County, Fla. It directs the Secretary to require a deposit of money which he deems sufficient to cover the estimated administrative costs of the conveyance. If a conveyance is not made and the administrative costs exceed the deposit, the Secretary is directed to bill the applicant for the outstanding amount; but if the costs are less than the deposit, the Secretary is directed to refund the excess.

An application for conveyance must be filed with the Secretary within 6 months of the date of approval of the bill. Payment of administrative costs and the fair market value of the interest to be conveyed must be made within the time specified by the Secretary. The money received for administrative costs shall be paid to the agency which rendered the service and the money received for the mineral interest shall be paid into the general fund of the Treasury.

COMMITTEE AMENDMENTS

During its consideration of the bill, the Committee adopted two amendments. Both were suggested by the Department of the Interior in order to incorporate into the bill standard language embodying established departmental policy with regard to conveyances of the sort which would take place pursuant to this bill.

SECTION-BY-SECTION ANALYSIS

Section 1 states the purpose of the bill and describes the tract of land to be affected.

Section 2 describes the provisions for payment of the administrative costs.

Section 3 describes the stipulations for the conveyance of the property, including the payment of administrative costs and the fair market value of the rights to be conveyed.

Section 4 defines the term "administrative costs."

Section 5 provides that moneys paid for administrative costs be paid to the agency rendering the service and that the moneys paid for the mineral rights be paid to the general fund of the Treasury.

COST AND BUDGET ACT COMPLIANCE

No additional Federal expenditures are involved in the enactment of H.R. 2977, since the costs attributable to it will be reimbursed.

INFLATIONARY IMPACT STATEMENT

The sums involved in H.R. 2977 are nominal and will have no inflationary impact.

OVERSIGHT STATEMENT

Other than normal oversight responsibilities exercised in conjunction with these legislative operations, no recommendations were made to the Committee pursuant to Rule X, Clause 2(b) (2).

COMMITTEE RECOMMENDATION

The Committee on Interior and Insular Affairs, by a voice vote, recommends the enactment of H.R. 2977.

DEPARTMENT REPORT

The favorable report of the Department of the Interior follows:

U.S. DEPARTMENT OF THE INTERIOR,

OFFICE OF THE SECRETARY,

Washington, D.C., August 20, 1975.

HON. JAMES A. HALEY,

Chairman, Committee on Interior and Insular Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This responds to your request for the views of this Department on H.R. 2977, a bill "To authorize the Secretary of the Interior to sell certain rights in the State of Florida."

H.R. 2977 is identical to H.R. 9954 in the 93rd Congress. H.R. 2977 would authorize the Secretary to convey all interests of the United States in oil and minerals in certain lands in Lake County, Florida. It directs the Secretary to require a deposit of money which he deems sufficient to cover the estimated administrative costs of the conveyance. The deposit would constitute full payment of the administrative costs

if a conveyance is not made, notwithstanding that the costs may exceed the deposit. However, if the costs are less than the deposit, the Secretary is directed to refund the excess. The conveyance would be made only if an application for conveyance is filed with the Secretary within six months of the date of approval of the bill and only upon payment of administrative costs and the fair market value of the interests to be conveyed. The money received for administrative costs would be paid to the agency which rendered the service, and the money received for the mineral interests would be paid to the Treasury.

We have no objection to enactment of the bill if amended as indicated below.

The subject land comprises 40 acres. The Geological Survey reports that the land is considered to be of nominal value for oil and gas. The land is part of a 154 acre tract which the United States conveyed to Carl G. Stockholm on April 3, 1957. The patent reserved to the United States all oil and gas in the land. We understand that the 40 acres are presently being used for agricultural purposes and that the surface owners plan to subdivide the land for residential homesites. The surface owners desire a release of the reservation; otherwise, they cannot obtain financing for their project.

It is this Department's policy not to oppose legislation which would release mineral interests reserved to the United States when (1) the subject lands have no mineral value or (2) it is demonstrated that the reservation is interfering with or precluding development which is a more beneficial use of the land than mineral development. In addition, it is the policy of this Department to require the surface owner to pay all of the administrative costs of the conveyance, the costs of determining the mineral value, and the fair market value of the minerals on the subject land.

As to the first criterion, it has not been determined that the minerals reserved have no value. Therefore, we cannot favor the bill on the basis of the first criterion.

At the time that H.R. 9954 was considered in the 93rd Congress, the Department recommended against enactment of the bill, because the subject tract was under lease for oil and gas. The lease was held by the Beard Oil Company under an assignment effective September 1, 1970. The Department's report stated that a conveyance of the mineral interests as directed by H.R. 9954 would naturally be subject to valid existing rights and that the existence of the oil and gas lease would continue to interfere with the surface owners' efforts to obtain financing for their plan to subdivide. To avoid complications and out of fairness to the oil and gas lessee, we recommended that this Department, as lessor, continue to administer the lease under the Mineral Leasing Act of 1920 rather than directing the surface owner to assume the position of the lessor.

On March 1, 1974 the outstanding oil and gas lease was assigned to Grace Parker Gunther and Harley G. Morse, the beneficiaries of H.R. 2977. This assignment eliminated outside interests in the subject tract. While we do not endorse this transaction and we believe that the intent of the Mineral Leasing Act and the Department's mineral leasing program are generally frustrated by acquisition of mineral rights

for purposes other than mineral development, we believe the second criterion for approval of the bill by the Department has been met. Even though the lands have nominal value for oil and gas, it would appear that the reservation is interfering with the desired development. Therefore, in view of the fact that the United States would be compensated for any oil and gas present, we have no objection to the enactment of the bill, if it is amended as follows:

(1) Section 2 of the bill does not comply with this Department's recommended provisions as to reimbursement for administrative costs for the conveyance of mineral reservations. It should require payment of all administrative costs by the beneficiary even if no conveyance is made.

(2) In order to simplify the transactions that will be necessary, a provision should be added to permit the Secretary to require that the oil and gas lease be relinquished prior to conveyance of the mineral interests.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ROYSTON C. HUGHES,
Assistant Secretary.

○



